

CLAIMS

What is claimed is:

1. An arbitrage investment product for capitalizing on arbitrage opportunities between annuity markets and life insurance markets and for making a charitable contribution of any resulting arbitrage proceeds, comprising:
 - an ownership interest in an arbitrage entity, the arbitrage entity being funded by a capital infusion from at least one source of capital;
 - wherein the capital infusion is in an amount sufficient to purchase one or more leveraged annuity on the life of one or more leveraged annuity client and one or more leveraged life insurance policy on the life of one or more leveraged life insurance client;
 - wherein periodic annuity proceeds of the one or more leveraged annuity are sufficient to cover periodic premium payments on the one or more leveraged life insurance policy and periodic returns to the capital source;
 - wherein a leveraged death benefit of the one or more leveraged life insurance policy exceeds the amount of the capital infusion; and
 - wherein the ownership interest in the arbitrage entity is acquired by at least one charity.
2. The arbitrage investment product of claim 0, wherein the arbitrage entity is selected from the group consisting of: a partnership, a corporation, a trust, a limited liability corporation, and a limited liability partnership.

3. The arbitrage investment product of claim 0, wherein the charitable entity is defined by the United States Internal Revenue Code.

4. The arbitrage investment product of claim 0, wherein the capital infusion comprises a private investment in the arbitrage entity.

5. The arbitrage investment product of claim 0, wherein the arbitrage entity comprises an arbitrage partnership; and

wherein the ownership interest in the arbitrage entity comprises a limited partnership interest.

6. The arbitrage investment product of claim 5, wherein the arbitrage partnership further includes a general partner and one or more preferred partner;

wherein the general partner comprises an investment advisor who manages the arbitrage transactions of the arbitrage partnership; and

wherein the one or more preferred partner comprises the one or more capital source.

7. The arbitrage investment product of claim 6, wherein the one or more preferred partner is entitled to a preferred distribution of any income of the arbitrage partnership.

8. The arbitrage investment product of claim 0, wherein upon death of the one or more leveraged life insurance client, the arbitrage entity receives the leveraged death benefit;

wherein the leveraged death benefit and any remaining assets of the arbitrage entity comprise net arbitrage proceeds; and

wherein the arbitrage entity distributes the net arbitrage proceeds in accordance with the ownership interest.

9. The arbitrage investment product of claim 0, wherein at least one of the one or more leveraged life insurance client and the one or more leveraged annuity client are same person.

10. A method for investing in arbitrage opportunities between annuity markets and life insurance markets and for making a charitable contribution of any resulting arbitrage proceeds, comprising:

forming an arbitrage entity and causing the arbitrage entity to obtain a capital infusion from a capital source in an amount sufficient to purchase one or more leveraged annuity on the life of one or more leveraged annuity client and one or more leveraged life insurance policy on the life of one or more leveraged life insurance client;

wherein periodic annuity proceeds of the one or more leveraged annuity are sufficient to cover periodic premium payments on the one or more leveraged life insurance policy and periodic returns to the capital source;

wherein a leveraged death benefit of the one or more leveraged life insurance policy exceeds the amount of the capital infusion;

causing the arbitrage entity to purchase the one or more leveraged annuity and the one or more leveraged life insurance policy; and

donating an interest in the arbitrage entity to at least one charity.

11. The method of claim 10, wherein the capital infusion comprises a private investment in the arbitrage entity.

12. The method of claim 10, wherein the arbitrage entity comprises a partnership having two or more partners.

13. The method of claim 10, wherein the arbitrage entity comprises a partnership having a general partner, a limited partner, and a preferred partner;

wherein the general partner owns a general partnership interest in the arbitrage entity;
wherein the limited partner owns a limited partnership interest in the arbitrage entity; and
wherein the preferred partner owns a preferred partnership interest in the arbitrage entity.

14. The method of claim 13, wherein the preferred partner comprises the capital source and is granted the preferred partnership interest in exchange for the capital infusion.

15. The method of claim 13, wherein donating the interest in the arbitrage entity to the at least one charity comprises donating the limited partnership interest to the at least one charitable entity.

16. The method of claim 13, wherein the preferred partner is entitled to a priority distribution of any profits of the arbitrage partnership.

17. The method of claim 10, wherein upon death of the one or more leveraged life insurance client, the arbitrage entity receives the leveraged death benefit;

wherein the leveraged death benefit and any remaining assets of the arbitrage entity comprise net arbitrage proceeds; and

wherein the arbitrage entity liquidates its assets and thereby distributes the net arbitrage proceeds in accordance with any ownership interest in the arbitrage entity.

18. The method of claim 10, wherein at least one of the one or more leveraged life insurance client and the one or more leveraged annuity client are same person.